



ASRS REPORT

ARIZONA STATE RETIREMENT SYSTEM

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This report provides a briefing of news and notices important to our members, retirees and employer partners, as well as other interested parties. It is produced by the ASRS on a periodic basis and posted to the ASRS website. If you would like to receive an email notice when the next issue is posted, and you are not already on our email list, please contact us at weeklyreport@azasrs.gov, and provide your name, email address, telephone number and title and organization, if applicable.

ASRS News

ASRS Legislation

The 48th Session of the Arizona Legislature is underway, with a number of bills introduced that deal with retirement issues. The ASRS has proposed several bills and provided information and analysis on others that are aimed primarily at improving services, producing savings that will help mitigate any future increases in contribution rates and contribute to the overall stability of the ASRS trust.

You can view summaries of retirement-related legislation, and track progress of bills through the Legislature, by viewing the ASRS Bill Tracker, a document that will be posted on our website and updated weekly.

The Bill Tracker contains summaries of 20 bills. We'll highlight in this report some of the bills that effect the ASRS and members. In this issue, we highlight House Bill 2145, which covers the ASRS long term disability income plan.

House Bill 2145 is sponsored by Rep. Marian McClure, chair of the House Public Institutions and Retirement Committee. Provisions in this bill would effect only future ASRS members or those who become disabled and go on LTD on or after July 1, 2008. It would not effect any current LTD member. The provisions have the potential to save millions of dollars and minimize any future contribution rate increases.

The provisions include:

- Modifies the Social Security offsets from 64% of SS Disability and 83% of SS Retirement to 100% for a member who becomes disabled on or after July 1, 2008.
- Modifies the pre-existing condition look back provisions from 3 months to 6 months for a member who becomes disabled on or after July 1, 2008.
- Requires the ASRS to recover overpaid money by reducing a benefit owed to any member, beneficiary, or alternate payee.

To view additional provisions of this and other bills under consideration at the legislature, view the ASRS Bill Tracker, or visit the state legislature's website, www.azleg.gov

Contribution Rates for next fiscal year

The Arizona State Retirement System will implement a slight increase in contribution rates for the 2007-08 fiscal year.

Based on an annual actuarial analysis of the defined benefit plan, health insurance premium benefit and long term disability program, the recommended total contribution rate will increase from 9.1 percent this year to 9.6 percent beginning July 1, 2007. Because the ASRS pension plan is a match plan, the contribution rate is for both the employee and the employer.

The ASRS Board of Trustees accepted the annual actuarial valuation at its November 17 meeting, which determined a contribution rate of 9.1 percent for the defined benefit plan and health insurance premium benefit, and 0.5 for the long term disability plan. The LTD rate has remained steady the past five years.

The overall increase is primarily due to past improvements to the benefit package, low historic contribution rates, low mid-term investment returns, and changing member demographics. Improved investment performance over the past two years has helped mitigate larger increases in the contribution rate. Projections continue to show the rate increasing slightly over the next several years, peaking at about 10 percent in 2012 and then beginning a slight downward trend.

New educational meetings offered to inform, assist members

The Member Services Division of the ASRS conducts educational meetings available to all members. Whether you're newly hired and want to learn about the benefits available to you, or you're ready to retire and want assistance filling out your paperwork and making annuity selections, the ASRS has a meeting for you.

Know Your Benefits

This meeting is especially beneficial to new members. You'll learn about the many benefits of belonging to the Arizona State Retirement System, including a history and overview of the ASRS, how your pension is calculated and how to maximize your future benefit, member responsibilities, disability and survivor benefits, options should you leave ASRS employment, and more. Also covered will be the Service Purchase benefit, in which a member may purchase, under certain circumstances, time they worked under other qualified employer plans.

Getting Ready to Retire

This meeting is vital for members who are planning to retire within a year. You'll learn about your pension benefit and how it's calculated, options for retiree health insurance and other benefits, return to work options and more. Members who register for this meeting will receive a personal benefit estimate and assistance in filing out the proper paperwork.

Visit our website and click on the Calendars section to see a full listing. Reservations are required and can be made by calling the Member Service Advisory Center at (602) 240-2000 in Phoenix, (520) 239-3100 in Tucson, or (800) 621-3778 outside Phoenix and Tucson.

ASRS Board & Committee Meetings

ASRS Board of Trustees

Friday, February 16, 2007, 8:30 a.m. – ASRS Phoenix office, 3300 N. Central Ave., 10th floor Board Room.

Investment Committee

Wednesday, February 7, 2007, 5:30 p.m. – ASRS Phoenix office, 3300 N. Central Ave., 14th floor.

External Affairs Committee

Friday, March 2, 10 a.m. – ASRS Phoenix office, 3300 N. Central Ave., 14th floor.

Operations Committee

Thursday, March 22, 2007, 10:30 a.m. – ASRS Phoenix office, 3300 N. Central Ave., 14th floor.

Note: All Board & Committee meetings are open to the public and your attendance is encouraged. Schedules, agendas and minutes of meetings are posted on our website and are available at our Phoenix and Tucson offices.